Revamping the tea auction system

1856. SHRI SURENDRA LATH: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether Government are aware of the growing variation in the prices of tea in the domestic market as well as in the field of export ;

(b) if so, the reasons therefor;

(c) whether there is a need to revamp the tea auction system to bolster tea prices; and

(d) the other steps being taken to resolve the problems in the tea industry?

THE MINISTER OF COMMERCE AND INDUSTRY (SHRI ARUN JAITLEY): (a) and (b) Yes, Sir. The auction prices of tea in the domestic market have fluctuated over the years showing an overall decline since 1999. The decline in domestic price of tea is largely due to the oversupply of tea in the international market, low demand from domestic and export sectors and quality considerations. The unit export price realisation of tea has also shown a decline being dependant upon the prevailing primary prices (at the domestic auctions and in private sale from the producer), the international prices of the different grades, and specificallly the CIF prices of competitive grades by competing countries in a specific market. Since about 24% of India teas are exported, the availability of teas of similar grades from other competing countries at a lower price tends to bring down the unit cost realisation. The decline in value added tea exports (packet tea) to the Russian market due to the import duty differential is another reason for a decline in unit export price realisation over the last few years.

(c) Government has conducted a study of the primary marketing system for tea including the auction system,through M/s A.F. Ferguson and Co. Based on the recommendations of the consultant,Government has notified the tea (Marketing) Control Order, 2003 and issued directives for changes in the auction rules. These have been done in order to safeguard the legitimate interests of the producers as well as buyers, keeping in view the overall aim of strengthening the primary system of marketing of tea through auctions in terms of transparency and fair price discovery.

(d) A number of steps have been taken by the Government to help the tea industry which include restructuring/rescheduleiment of the tea loans outstanding from the commercial banks etc., financial incentives for the export of tea, programme for quality upgradation, innovative marketing strategies in the international as well as domestic markets to promote exports and to increase the domestic consumption of tea, reduction in excise duty and increase in customs duty on import of tea. Besides, the programmes and schemes of the Tenth Five Year Plan have also been formulated to ensure long term development of the tea sector by increasing productivity, technology upgradation, value addition, product diversification and improving the quality and market ability of tea.

Government has also appointed Expert Committees to make an in-depth study of the closed tea gardens in the States of West Bengal, Kerala, Assam and Tripura and to suggest a package of measures for their viability and revival.

BIS certificate for quality standard of imports

1857. DR. DASARI NARAYANA RAO: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether it is a fact that import of certain products are allowed only when BIS certifies about their quality standards;

(b) if so, the details thereof;

(c) the quality tested by BIS of such products during the last two years, year-wise and products-wise; and

(d) the total import which was made after BIS clearance during the said period, year-wise and product-wise?

THE MINISTER OF COMMERCE AND INDUSTRY (SHRI ARUN JAITLEY): (a) and (b) Yes, Sir. In case of 135 specified products, imports are allowed only after BIS has granted licence to the foreign manufacturers to use the BIS standard mark on these products being imported into India. In terms of the conditions in the EXIM Policy of the Government, imports of these specified products is subject to adherence to the mandatory BIS quality standards as applicable on similar products that are produced domestically. For compliance of this requirement all foreign manufacturers of these products who intend to export to India have to obtain BIS certification marks licence.